

INSURANCE DIVISION[191]

Adopted and Filed Emergency After Notice

Pursuant to the authority of Iowa Code section 505.8, the Insurance Division hereby adopts an amendment to Chapter 43, “Annuity Mortality Tables for Use in Determining Reserve Liabilities for Annuities,” Iowa Administrative Code.

Chapter 43 establishes reserving standards for annuity and pure endowment contracts. This adopted rule making delays the mandatory effective date of the use of the 2012 IAR Mortality Table from January 1, 2015, to January 1, 2016. The delayed mandatory effective date is appropriate to protect the public interest and prevents Iowa-domiciled insurers from being placed at a competitive disadvantage that would adversely affect both the insurer and its policyholders.

This amendment was published under Notice of Intended Action in the December 10, 2014, Iowa Administrative Bulletin as **ARC 1794C**.

Interested persons were able to make written suggestions or comments on the proposed amendment through December 30, 2014. Written and verbal comments were received. A public hearing was held on December 30, 2014, at 10 a.m. at the offices of the Iowa Insurance Division, 601 Locust Street, Fourth Floor, Des Moines, Iowa. Kimberlee Cross, Assistant Chief Examiner, acted as hearing officer.

Testimony at the public hearing was overwhelmingly in support of the proposed amendment. Two comments were received, one requesting that the delayed mandatory effective date not be an option, and the second that clarification be made to ensure that insurers understand that contracts issued after January 1, 2016, are subject to the same subrule as those issued on or after January 1, 2015. Based upon the comments, the Division made one change to the amendment as published in the Notice of Intended Action. The change clarifies that those contracts issued after January 1, 2016, are subject to subrule 43.3(4).

The Division finds, pursuant to Iowa Code section 17A.5(2)“b”(2), that the normal effective date of this amendment, 35 days after publication, should be waived and this amendment should be made effective January 14, 2015. The Division finds that this amendment is critical for providing consistent guidance to insurers to enable pricing of products offered to the public and to prevent Iowa-domiciled insurers from being placed at a competitive disadvantage. The interested parties have worked with the Insurance Division to develop the amendment. A public hearing was held, and the amendment to the rule is clarifying in nature and not substantive.

After analysis and review of this rule making, no impact on jobs has been found.

This amendment is intended to implement Iowa Code chapter 508.

This amendment became effective on January 14, 2015.

The following amendment is adopted.

Amend subrule 43.3(5) as follows:

43.3(5) Except as provided in subrule 43.3(4), the 2012 IAR Mortality Table ~~shall~~ may be used for determining the minimum standard of valuation for any individual annuity or pure endowment contract issued on or after January 1, 2015. For any individual annuity or pure endowment contract issued on or after January 1, 2016, except as provided in subrule 43.3(4), the 2012 IAR Mortality Table shall be used as provided in this subrule.

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EDITOR’S NOTE: For replacement pages for IAC, see IAC Supplement 2/4/15.